

VZCZCXRO0737
RR RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV
DE RUEHTC #1808/01 2711000
ZNR UUUUU ZZH
R 281000Z SEP 07
FM AMEMBASSY THE HAGUE
TO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHBS/USEU BRUSSELS 0546
RUEHC/SECSTATE WASHDC 0424
RUEHNO/USMISSION USNATO 2183

UNCLAS SECTION 01 OF 02 THE HAGUE 001808

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SENSITIVE
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E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [EU](#) [NL](#)
SUBJECT: NETHERLANDS/EU TREATY: DUTCH DODGE A BULLET

11. (SBU) SUMMARY: The Dutch Labor Party's (PvdA) September 25 decision to drop its demand for a referendum on the EU Reform Treaty avoids a messy -- and potentially disastrous -- repeat of the Dutch 2005 popular rejection of the previous Constitutional Treaty. Parliament is now expected to ratify the treaty. At the same time, the PvdA's reversal comes at a cost both to the PvdA leadership -- now widely accused of "cowardice" for abandoning a major election promise -- and to its Coalition Partner, the Christian Democrats (CDA) -- which will now be expected to show more flexibility on another major issue, such as the national "dismissal laws" or the Dutch deployment to Afghanistan. END SUMMARY.

12. (U) The Dutch appear to have avoided a political crisis over a possible referendum over the proposed EU "reform" treaty. On September 25, the Parliamentary Group of the Dutch Labor Party (PvdA) announced that it would not support a referendum on the treaty, effectively reversing its campaign pledge to submit the treaty to a public vote. The PvdA decision followed a September 21 Cabinet decision that a referendum was "not desirable" and "not necessary" in light of a Council of State study concluding that the "new" treaty did not "have a constitutional nature." Supporters of the treaty -- even many of those who believed a referendum was necessary -- worried that the Dutch public, if given the chance, would have repeated their 2005 rejection of the draft EU Constitutional Treaty, embarrassing the Balkenende government and strengthening anti-EU sentiments on the left and right.

13. (U) As a member of the governing coalition government, the PvdA ministers (including the Minister for European Affairs, Frans Timmermans) officially supported the September 21 Cabinet decision. Although the Cabinet members are expected to make every effort to convince their Parliamentary faction to support government decisions, the PvdA ministers faced the real prospect that their MPs would undercut their position by pushing a pro-referendum motion in Parliament. Jacques Tichelaar, PvdA floor leader, had repeatedly indicated his support for a referendum in keeping with the party's election manifesto. Former development minister Jan Pronk -- who narrowly lost a bid to become Party Chairman on September 24 -- had also publicly called for party members to challenge the coalition government's stance. In the end, however, under Tichelaar's guidance, the parliamentary faction agreed to adopt the government's anti-referendum position without putting the issue to a vote.

14. (U) Following the decision, Tichelaar asserted that most rank-and-file PvdA members were much more concerned about domestic issues -- such as an upcoming debate on loosening hiring and firing regulations -- than EU matters. In several press interviews following the September 25 decision, Tichelaar rejected accusations that he had "turned 180 degrees" on the referendum issues, arguing that his previous

positions were more nuanced. Political commentators suggested that Tichelaar's mention of the dismissal laws in the same breath as the EU treaty probably means the PvdA expects to cut a deal in Cabinet linking the two issues.

5, (U) Opponents of the treaty on the left and right immediately attacked Tichelaar and the PvdA leadership in general for reversing the party's pre-election stance in favor of a referendum. According to Socialist Party (SP) spokesman Harry van Bommel, the PvdA's decision was a "pistol" the SP and others would use to weaken the already beleaguered party. Maverick nationalist politician Geert Wilders (PVV) openly accused the PvdA leaders of "cowardice" for not trusting the Dutch electorate to make up its own mind on the issue. The pro-referendum camp in Parliament -- SP, Green-Left, D-66, and PVV -- have made clear it intends to push forward with their motion for a referendum, but without PvdA support, it will have no majority in either Chamber of Parliament.

16. (SBU) COMMENT: The parliamentary faction's decision will be discussed at an upcoming PvdA conference on October 6. There is a slight chance that PvdA rank and file members will take the opportunity of the conference to reopen the debate and call for a new decision. Such an action, however, would essentially constitute a vote of "no confidence" in the PvdA leadership -- possibly leading to a collapse of the current government -- and would be seen as virtually suicidal for a party already widely viewed as weak and internally divided.

17. (SBU) COMMENT, CONTINUED: The purported link between the coalition decisions on the EU treaty and the dismissal laws could also indirectly have an impact on the current debate over the Netherlands' troop deployment to Afghanistan. Since joining the Balkenende IV cabinet, three main issues have

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divided the PvdA from its senior Coalition Partner, the Christian Democrats (CDA): the EU treaty referendum, revising national labor laws regarding hiring and firing (the "dismissal laws"), and renewing the Dutch deployment to Afghanistan. Absent a victory in at least one prominent area, the current PvdA leadership, and Finance Minister/Deputy Prime Minister Wouter Bos in particular, will face ever growing resentment from party members. Having "lost" on the EU referendum, if the PvdA doesn't "win" on the dismissal laws, it may toughen its stance against a renewed Afghanistan deployment or seek other areas in which to prove the party's relevance in Cabinet. END COMMENT.
Gallagher